

JUN 18 2003

LINDA LINGLE
GOVERNOR



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HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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ADMINISTRATOR
H. MARK FUKUHARA

June 17, 2003

Mr. Kenneth Stephenson
President
Ms. Karen Muronaka
Chair, HSRTA Health Committee
Hawaii State Retired Teachers Association
1649 Kalakaua Avenue
Honolulu, HI 96826

Dear Mr. Stephenson and Ms. Muronaka:

Thank you for your letter dated June 7, 2003 which expressed concerns about the Board's decision to hire a third party administrator (TPA). Actually, the Board has not made that decision yet. Rather, the Board decided at its meeting on May 29, 2003 to issue a request for proposals (RFP) for third party administrator (TPA).

The Board recognizes and appreciates the efforts of EUTF staff to implement the various health plans effective July 1, 2003. However, it is the Board's fiduciary duty to determine the most cost-effective and efficient method to deliver services to its members. In order for the Board to have sufficient information to make the decision to hire a TPA or continue with its own staff and systems, it is necessary to explore all options.

The Board appreciates your interest in the EUTF and concerns for administering the program in the most efficient and effective way. Our decision on the TPA RFP will be made in early September and we will provide opportunities for public input at each step in the process. If you have any further questions, please call Mark Fukuhara, EUTF Administrator, at 587-5431.

Sincerely,


AUDREY HIDANO
Vice-Chairperson